

LAKEHAVEN UTILITY DISTRICT
King County, Washington

REGULAR BUSINESS MEETING
July 23, 2009

A regular meeting of the Board of Commissioners of the Lakehaven Utility District, King County, Washington, was held on July 23, 2009 at Lakehaven Center, 31531 First Avenue South, Federal Way, Washington 98003.

President Gibson called the meeting to order at 6:00 p.m. and asked Commissioner Stewart to lead the flag salute. Members/officials present were as follows:

Charles Gibson	President of the Board
Edward Stewart	Vice President of the Board
Donald Miller	Secretary
Ronald Nowicki	Commissioner
Leonard Englund	Commissioner
Don Perry	General Manager
Steve Pritchett	General Counsel
Morgan Dennis	Director of Finance/Information System

APPROVAL OF MINUTES

Upon motion of Commissioner Englund, which was duly seconded by Commissioner Stewart, the Board **adopted** the minutes of June 25, 2009 and minutes of July 9, 2009, as presented.

APPROVAL OF AGENDA

Mr. Pritchett requested to add an executive session to discuss potential litigation.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the agenda as amended above.

CORRESPONDENCE

Mr. Pritchett drafted a proposed letter to WASWD requesting that the Association proceed to engage a qualified accounting firm to perform an independent audit of the Association's financial systems and practices for the Board to review and sign. The Board reviewed the letter and all five Board members signed it for delivery to Hal Schломann, Executive Director of WASWD.

CONSENT AGENDA

Commissioner Nowicki requested to amend Consent Item No. 1 to state the District will contribute "up to" \$2,500.00 towards funding expenditures related to growth planning activities within King County.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** the Consent Items as presented below.

1. Contribution to Planning Activities for Special Purpose Districts in an amount up to \$2,500.00.
2. Accounts Payable Vouchers and Payroll Transactions with the warrant dates of 7/14/09, 7/15/09, 7/16/09, 7/21/09, 7/22/09, 7/23/09, and 7/27/09.

Maintenance Fund No. 11-333-0510

7/14/09 Voucher no. 17416, total amount of \$1,512.08;
7/15/09 Voucher nos. 17417-17464, total amount of \$145,867.98;
7/21/09 Voucher nos. 17468-17481, total amount of \$3,791.09;
7/22/09 Voucher nos. 17482-17557, total amount of \$357,124.24;
7/27/09 Voucher no. 17587, total amount of \$51,581.36.

Construction Fund No. 11-333-3510

7/16/09 Voucher nos. 17465-17467, total amount of \$29,402.05;
7/23/09 Voucher nos. 17558-17572, total amount of \$195,045.25.

Payroll – Fund No. 11-333-0530 07/23/09

Warrants: \$ 1,669.86
Direct Deposits: \$ 202,231.51
Benefit Warrants: \$ 57,502.06
(voucher nos. 17573-17586)
Withholding/FICA \$ 84,005.22
Total Amount of: \$ 345,408.65

ACTION ITEMS

#2, 2008-2009 Certified Land Services Contract – CO #2: Tim Osborne reported that staff is seeking approval of Change Order #2 in the amount of \$70,000.00. The Board previously approved Change Order #1 in the amount of \$25,000.00 for additional land easement-acquisition services, which increased the contract budget total to \$50,000.00, including sales tax. Staff anticipates that it will continue to utilize this contract for the projects shown in Exhibit "C". Contingency funds are also proposed for additional unanticipated projects that may occur during the term of the contract. Funds for this contract do not represent new capital improvement project

costs, only allocation of funds already budgeted within the capital improvement projects. Change Order #2 would increase the contract budget total to \$120,000.00, including sales tax. The Board commented that the amounts have more than doubled and asked for clarification and justification for the increase. Mr. Osborne stated that these services were not anticipated in the original contract and the original contract didn't include the cost of purchasing property. Mr. Perry stated the consideration of property alternatives is increasing the cost. One alternative is to evaluate the cost to acquire property that includes a house; the second is for the front piece of property and easement for a force main; and third, to evaluate acquiring the entire piece of property for future use. This requires three different studies. Certified Land Services Corp is also negotiating access through neighboring properties. Further discussion was held on other properties in the area that the District is looking at for pump stations that are classified as wetlands. The Commissioners requested more information on the scope of Change Order #2 and is the work being performed. Mr. Perry discussed the timelines for this project and time issues. Mr. Perry pointed out that we are preparing advertising for 2010 and 2011 acquisition for these types of services at this time.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Miller, the Board unanimously **approved** Change Order #2 to the Certified Land Services contract in the amount of \$70,000.00, including sales tax, with General Manager oversight. The Board requests that staff come back with additional explanation for the \$70,000.00 increase to the consultant. The General Manager confirmed that he will provide this information to the Board.

#1, 2009 Comprehensive Wastewater System Plan – Public Hearing:

Commissioner Gibson recessed the regular meeting and opened the public hearing for the purpose of hearing comments from the public on the DNS for the Draft Plan, as well as comments on the Plan in general regarding the 2009 Comprehensive Wastewater System Plan.

Beau Schilz with PACE Engineers was present and reported that Susan Boyd of PACE Engineers is in attendance at the City of Des Moines meeting with John Bowman to receive comments from Des Moines. They have received comments from the City of Pacific and will be receiving comments early next week from Pierce County. Mr. Schilz reported that they are really looking forward to finalizing the Plan with the Department of Ecology (DOE) and King County. Both agencies have been very responsive and moving quickly in the process. Commissioner Miller asked if there was anything outstanding that needed attention. Mr. Schilz stated that defining the boundary is the only thing they will be updating. Mr. Wilt stated staff had some minor comments that they submitted to PACE earlier in the week. Mr. Schilz further reported that the only city they haven't heard comments back from is the City of Federal Way. Mr. Schilz commented that the Report is good for six (6) years and that this date starts when they receive the Letter of Approval from DOE. Mr. Perry commented that if there are any amendments, it would be extended from the amendment date. The Board thanked Mr. Schilz for attending the meeting and updating them on the status of the Plan.

After hearing testimony from Mr. Schilz, Commissioner Gibson adjourned the public hearing and reconvened the regular meeting.

INFORMATION ITEMS

#1, Insurance Renewal 2009-2010: The District's Insurance Broker, Kim Wilson, of Brown and Brown was in attendance and presented an analysis of the 2009-2010 insurance program and renewal quotes to the Board and staff. Commissioner Miller suggested that this matter be put on the August 27th agenda as a consent item so the premium can be paid by the end of September. Mr. Wilson reported that he should have clarification of the liability insurance premium soon, and that he will provide this information to the District prior the August 27th Board meeting. The Board thanked Mr. Wilson for the insurance presentation.

#2, Wastewater Operations Surplus Items: Norman Cook reported there are several items of equipment that have been replaced and/or are no longer needed per the attached spreadsheet. The Board will have this matter added as a consent item on the next Board agenda and adopted by resolution.

#3, Asphalt Program: Dale Haase reported the existing contract with AA Asphalt is coming to its end and that this was rebid with the same specifications as before. Three companies submitted bids, with AA Asphalt being the lowest bidder at \$290,175.00 for a one-year period with an option to extend the contract for two more years if agreeable by both parties. He also reported that the District will pursue other avenues on raising manholes to grade because of the increase in cost. The current bid only has a 45 day shelf life and staff is requesting that this item be moved to action.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Stewart, the Board unanimously **amended** the agenda to add **Action Item # 3, Asphalt Program; Approval.**

Action Item #3, Asphalt Program; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Nowicki, the Board unanimously **approved** a one-year contract with AA Asphalt in the amount of \$290,175.00, including tax, for all of the District's asphalt, concrete patching and raising manholes to grade.

#4, 2009 Liquid Chlorine Purchase: Stan French reported that the District's current 2008 Liquid Chlorine Purchase Contract with Jones Chemicals is close to coming to an end. The District solicited bids from qualified local vendors that provide liquid chlorine and received one proposal from JCI Jones Chemicals, Inc., of Tacoma, Washington in the amount of \$34,164.00 (including tax) for a one year period. Staff evaluated the bid submitted and determined it to be a reasonable amount for the purchase of liquid chlorine. Staff is recommending that the Board accept the bid and move this information item to an action item.

Upon motion of Commissioner Miller, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item # 4, 2009 Liquid Chlorine Purchase; Approval.**

Action Item #4, 2009 Liquid Chlorine Purchase; Approval: Upon motion of Commissioner Miller, which was duly seconded by Commissioner Englund, the Board unanimously **approved** the contract with JCI Jones Chemicals, Inc., in the amount of \$34,164.00, including tax, for the acquisition of liquid chlorine for the next 12-month period and authorized the General Manager to executive said contract.

#5, 2009 Miox On-Site Disinfection Unit Capital Equipment Lease-Purchase: Chris McCalib reported that the Lakota treatment plant historically and currently uses chlorine gas and bulk Sodium Hypochlorite for treatment and disinfection purposes at the facility. Chlorine gas is very vital to the operation of the plant and is used in many applications throughout the plant. Mr. McCalib then described the many uses the Plant has for chlorine gas and the average daily chlorine use. Mr. McCalib reported that he has reviewed the many safety practices and requirements for using chlorine gas due to the fact that chlorine gas is corrosive and dangerous to work around. Lakehaven Utility District has hired Evergreen Safety Council to review respiratory and chlorine safety practices for compliance purposes. Currently, chlorine supply of two-ton cylinders is limited to two suppliers in the Western Washington area. Mr. McCalib further reported that requests for proposal of services were solicited on the current chlorine supply contract with Jones Chemical. The other vendor replied to our RFP by stating that delivering chlorine in two-ton cylinders filled to 1500 lbs was against company protocol and has opted out of supplying chemicals due to the safety implications and liabilities.

Mr. McCalib then reviewed the attachment, "Reasons for Recommending use of Miox System", with the Board and staff. Mr. McCalib also reviewed the "Life Cycle Cost Analysis and Return on Investment" attachment with the Board and staff. Mr. McCalib passed around a hand-held onsite generation system to the Board and staff to review. Mr. McCalib then directed the Board and staff to page 105 of the agenda that reflects the costs comparison for current chemical treatment vs. the proposed Miox unit. Mr. McCalib reported that there are electrical considerations with this equipment that are not reflected in this list, but the electrical costs are minimal when compared to the current staff costs, etc. The Board asked if there are other utilities using this system. Mr. McCalib reported that there are other utilities currently using the Miox system and that he has visited these plants. Discussion was held on the Miox system and the various studies performed on this system. Discussion was held on the life span of a cell and the cost to replace a cell. Discussion was held on the budgetary impacts.

Mr. McCalib requested that the Board move this information item to action. The Commissioners responded that they would like to have this added as an action item on the next board agenda and be provided with a more expanded life cycle cost and return on investment analysis. The Board also commented that they would be interested in a site visit to a plant that currently has this equipment in operation.

Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **amended** the agenda to add **Action Item #5, Board Meeting Schedule**; to set a special meeting in the event three or more Commissioners attend the site visit to another plant using the Miox System, with a date to be determined.

Action Item #5; Board Meeting Schedule: Upon motion of Commissioner Nowicki, which was duly seconded by Commissioner Englund, the Board unanimously **agreed** to set a special meeting in the event three or more Commissioners attend a site visit to another plant using the Miox System, with a date to be determined.

COMMITTEE REPORTS/COMMISSIONER COMMENTS

Commissioner Englund reported that he will be unavailable August 15th through the 22nd.

Commissioner Miller reported that he attended the meeting on insurance matters.

Commissioner Nowicki reported that he attended a MWPAC meeting yesterday. He received a colored pamphlet from DOE entitled "*Water Smart, not Water Short: 5 Ways to Secure Water for Washington's Future*" that lists requirements and information on recycled water. He gave the pamphlet to the Board Clerk to make copies and distributed to Board members and staff. He also mentioned that Bev Tweddle was the alternate representative on the MWPAC Committee and that the Board needs to designate a Commissioner in her place. The Board will make a motion for this designation at the next regular Board meeting.

Commissioner Gibson reported that he also attended the insurance meeting.

STAFF REPORTS

General Counsel: Mr. Pritchett reported that the lawsuit between the General Contractor and the Sub-contractor on the Redondo Outfall Project has settled. He also reported that in the past couple of weeks, the District has received Complaints for judicial foreclosure for liens on three properties that are being brought. He has entered a Notice of Appearance and Answer to the Complaints so they cannot enter a default judgment. He commented that he anticipates receiving many more of these foreclosure actions for outstanding liens.

General Manager: Mr. Perry wanted to remind the Board about the August 4th Howard Hanson tour and Safety luncheon at the Water Shop on August 5th. He passed out copies of flyers that the District will be sending out that King County provided at no cost. The flyers contain information about materials that should not be disposed of in toilets because they are not biodegradable. He also commented that Mr. Bowman has sent the Franchise Agreement back to the City of Federal Way. He also updated the Board on the status of various wells throughout the District. He reported that they expect to be out of second supply water in a week from now and

that Mr. Bowman will formally ask the other partners next Monday if they have any water they could supply to the District.

Further discussion was held on the amount of discharge coming from the Howard Hanson Dam and that there will be another meeting on filtration sometime in August or September.

EXECUTIVE SESSION/CLOSED SESSION

At approximately 8:20.p.m. the regular meeting was recessed in order to conduct an Executive Session for the purpose of discussing potential litigation. It was stated that the Executive Session would last approximately 10 minutes. At approximately 8:30 p.m. the Executive Session was extended 5 more minutes. At approximately 8:35 p.m., the Executive Session was adjourned and the regular meeting was reconvened.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 8:37 p.m.

 _____ President Gibson	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
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ATTEST:

 _____ Vice President Stewart	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
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 _____ Secretary Miller	<input type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
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 _____ Commissioner Nowicki	<input type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
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 _____ Commissioner Englund	<input checked="" type="checkbox"/> Yea	<input type="checkbox"/> Nay	<input type="checkbox"/> Abstain
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